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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, DECEMBER 31, 2002

APPLICATION OF

MASSANUTTEN PUBLIC SERVICE  
CORPORATION

CASE NO. PUE-2002-00571

For amendment of its certificates  
of public convenience and necessity  
pursuant to Va. Code § 56-265.3 D

ORDER

On October 24, 2002, Massanutten Public Service Corporation ("Massanutten" or the "Company") filed an application with the State Corporation Commission ("Commission") to amend its certificates of public convenience and necessity, Certificate Nos. W-252 and S-75, pursuant to § 56-265.3 D of the Code of Virginia. On December 17, 2002, the Commission entered an Order for Notice and Comment and/or Requests for Hearing in the above-captioned matter.

On December 19, 2002, Massanutten filed two amendments to the Application. The first referenced Paragraph 7 of the Application which describes the investment being made by Great Eastern Development Corporation ("Great Eastern") in certain facilities to service the proposed expanded service area and the

funding by Great Eastern of the upgrading of the Company's wastewater treatment plant. The Application noted that the Company has agreed to reimburse Great Eastern in an amount up to approximately \$2.3 million depending upon the number of connections in the expanded service area.

Massanutten amends the third sentence of Paragraph 7 to revise the reimbursement amount and the description thereof to read as follows:

"In return for its investment in the utility plant and effluent disposal facilities, the Company has agreed to reimburse Great Eastern an amount up to approximately \$2.7 million, depending upon the number of connections in the New Areas and to certain Great Eastern properties in the existing service area (as compared to Great Eastern funding of \$8 million for the new wastewater treatment facility plus the additional costs that Great Eastern will incur for the facilities related to the water supply for the New Areas, as well as the installation of the water distribution facilities and wastewater collection facilities described above)."

The second amendment, according to the Company, is to Paragraph 2 of the Application, which provides an estimate of the total number of potential connections in the New Areas. The Company amends the next to last sentence in Paragraph 2 to revise that estimate and to expand the sentence as follows:

"The total number of potential connections in the New Areas is estimated to be approximately 2,250, however, the actual number of connections made will depend upon a number of considerations, including the zoning approved for this area."

NOW THE COMMISSION, having considered the Company's filing, finds that the Company should be permitted to amend its application as described herein.

Accordingly, IT IS ORDERED THAT:

(1) Massanutten shall be permitted to amend Paragraphs 2 and 7 of its Application as described herein.

(2) On or before January 16, 2003, the Company shall publish the following revised notice as display advertising in newspapers having general circulation in Rockingham County and its surrounding area. The notice to be published is prescribed as follows:

NOTICE OF THE APPLICATION OF  
MASSANUTTEN PUBLIC SERVICE CORPORATION  
FOR AMENDMENT OF ITS CERTIFICATES OF  
PUBLIC CONVENIENCE AND NECESSITY  
PURSUANT TO § 56-265.3 D OF THE CODE OF  
VIRGINIA, FOR A NEW CERTIFICATE  
PURSUANT TO § 56-265.2 OF THE CODE OF  
VIRGINIA, AND FOR APPROVAL OF THE  
ACQUISITION OF UTILITY ASSETS PURSUANT  
TO § 56-89 OF THE CODE OF VIRGINIA  
CASE NO. PUE-2002-00571

On October 24, 2002, Massanutten Public Service Corporation ("Massanutten" or "the Company") filed an application with the State Corporation Commission ("Commission") to amend its certificates of public convenience and necessity, Certificate Nos. W-252 and S-75, pursuant to § 56-265.3 D of the Code of Virginia. The Commission also treated the application as a request for a certificate pursuant to § 56-265.2 of the Code of Virginia.

The Company seeks to have its certificates amended to include 30 parcels of property, all of which are adjacent to the boundaries of the Company's current service area. The expected use of these properties is comparable to the development in Massanutten and includes single and multi-family residential units, commercial uses, and open spaces. The Company states that the total number of potential new connections is estimated to be approximately 2,250. However, the actual number of connections made will depend upon a number of considerations, including the zoning approved for the area. It is expected that these properties will be developed over the next 10 to 15 years.

The Company represents that no other utility currently provides water or sewer service to these 30 properties. Further, the Company states that the same rates for water and sewer services as contained in the tariffs on file with the Commission will apply to these new properties and no change in those rates are being sought in connection with the application. The same availability fee for single family residential lots applied in the Company's current service area will also be applied in the new areas.

Great Eastern Development Corporation ("Great Eastern"), one of the owners of the new property, has agreed to install the fund the costs of the necessary water and wastewater facilities. In return for its investment in the utility plant and effluent disposal facilities, the Company has agreed to reimburse Great Eastern an amount up to approximately \$2.7 million, depending upon the number of connections in the New Areas and to certain Great Eastern properties in the existing service area (as compared to Great Eastern funding of \$8 million for the new wastewater treatment facility plus the additional costs that Great Eastern will

incur for the facilities related to the water supply for the New Areas, as well as the installation of the water distribution facilities and wastewater collection facilities described above).

Because Great Eastern will own the facilities until they are conveyed to the Company, approval for the acquisition of these utility assets pursuant to § 56-89 of the Code of Virginia will be required. In the interest of expediency, the Commission will proceed with this application as a request for approval to acquire utility assets pursuant to Chapter 5 of Title 56 of the Code of Virginia.

A copy of the application is available for public inspection during regular business hours at the Company's office, Massanutten Public Services, 1550 Resort Drive, Massanutten, Virginia 22840. The application is also available for public inspection Monday through Friday, 8:15 a.m. to 5:00 p.m., at the State Corporation Commission, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

Any interested person or entity desiring to comment on the application or request a hearing may do so on or before February 19, 2003, by addressing such comments or requests to: Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218. All comments and requests shall refer to Case No. PUE-2002-00571. A copy of the comments or request for hearing must also be sent to counsel for the Company, Donald G. Owens, Esquire, Troutman Sanders, LLP, Bank of America Center, 1111 East Main Street, Richmond, Virginia 23219. Requests for hearing shall state why a hearing is necessary and why such issues cannot be adequately addressed in written comments.

If no sufficient requests for hearing are received, a formal hearing with oral testimony may not be held, and the Commission may make its decision administratively, based upon the papers filed in this proceeding.

MASSANUTTEN PUBLIC SERVICE CORPORATION

(3) The Company shall forthwith serve a copy of this Order on the Chair of the Board of Supervisors of any county and upon the Mayor or Manager of any county, city, or town (or equivalent officials in counties, towns, and cities having alternate forms of government) lying within the Company's service area. Service shall be made by first-class mail or delivery to the customary place of business or residence of the person served.

(4) On or before February 19, 2003, the Company shall provide the Commission with the proof of notice required in Ordering Paragraphs (2) and (3).

(5) On or before February 19, 2003, any interested person or entity desiring to comment in writing on the Company's application may do so by directing such comments to Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218. A copy of the same shall simultaneously be served on counsel for the Company, Donald G. Owens, Esquire, Troutman Sanders LLP, Bank of America Center, 1111 East Main Street, Richmond, Virginia 23219. All comments shall refer to Case No. PUE-2002-00571.

(6) On or before February 19, 2003, any interested person or entity desiring a hearing in this matter shall file a request for hearing in writing with Joel H. Peck, Clerk of the Commission, at the address set forth in Ordering Paragraph (5) above. A copy of the same shall simultaneously be served on counsel for the Company at the address set forth in Ordering Paragraph (5) above. All requests for hearing shall refer to Case No. PUE-2002-00571. Any request for hearing shall detail why such issues cannot be adequately addressed in written comments.

(7) The Commission Staff shall review the application and shall submit, on or before February 28, 2003, a report presenting their findings and recommendations.

(8) The Company shall file any response it may have to the Staff Report on or before March 12, 2003.

(9) All other provisions of our December 17, 2002, Order shall remain in full force and effect.